

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*

DATE: June 6, 2007

RE: The Chaldean Catholic Church of the United States of America
Financial Commitments for the Purchase of Camp Brighton
(Departmental Report) Line Item 37 on today's calendar

On May 25th, Mr. Kandia Milton submitted to your Honorable Body a memo describing the financial commitments in the amount of \$4.48 million made available by the Chaldean Catholic Church for the purchase of the Camp Brighton parcel number 1 (see attached).

The Fiscal Analysis Division was requested to review this information. Based on my review of the information, I submitted questions to Mike Sarafa, who represents the Chaldean Catholic Church. My questions and Mr. Sarafa's responses are below.

In summary, the Chaldean Catholic Church has sufficient cash, investments and other financial commitments available to spend \$3.5 million for the purchase of the Camp Brighton parcel 1 property. More specifically, the church has enough resources in the form of endowments, cash and cash flow, investments and real estate, to leverage a loan, if necessary, to purchase the camp property. According to Mr. Sarafa, both the Bank of Michigan and Comerica have expressed interest in financing a portion of the purchase.

Council should note that \$2.5 million would eventually come from the Sam Kassab Fund commitment. This fund is a part of the Community Foundation for Southeast Michigan. According to Mr. Sarafa, it is very likely the foundation would approve a \$2.5 million grant based on the wishes of family representatives of the Sam Kassab Fund, which again could be used as collateral for a loan, or used outright as part of the resources to purchase the property. A letter from Mr. Burt Kassab, a cousin of Sam Kassab, is included in the attached and represents the expressed interest that a \$2.5 million grant recommendation to the foundation could be made for the purchase.

According to Mr. Sarafa, if Council approves the Camp Brighton sale and a purchase agreement between the City and the Chaldean Catholic Church is signed, then sufficient documentation is available for the Community Foundation to consider approving the \$2.5 million grant request for the purchase.

Questions and responses (responses are underlined):

Based on the memo from Kandia Milton to Council dated May 25th, the church's financial commitments are as follows:

• Endowment Fund-Securities	\$1,066,937.18
• Mother of God-Cash	659,112.58
• Endowment Fund-Bank	253,146.82
• Sam Kassab Fund Commitment	<u>2,500,000.00</u>
	\$4,479,196.58

Endowment Fund-Securities

1. Is the Chaldean Seminary Endowment Fund directly associated with the Chaldean Catholic Church? Yes. It is managed by a governing Board of Directors appointed by the Bishop
2. Does the endowment fund also have any cash on hand, or is all of the funds invested in the securities via the investment portfolio submitted to Council? Over \$1 million of endowment assets are held in cash and the same amount in marketable securities
3. Many of the fixed income-corporate bonds are due after 2007. It appears, however, that there enough funds overall from other sources to prevent you from maturing any of these early and suffer penalties. But if necessary, is the church willing to mature these instruments early? Yes. But such a need, as you stated is not anticipated.

Mother of God Church

1. How is this church affiliated with the Chaldean Catholic Church? It is the seat of the Chaldean Catholic Church and home to the Diocesan office where the Bishop offices are. The Pastor of Mother of God is also the Vicar General for the Dioceses which is the number two position behind the Bishop.
2. The cash statement is as of December 31, 2006. Is a more recent statement available to ensure a significant portion of the cash and certificate of deposit has not been eroded? The balances in time accounts of not been drawn upon since December 2006 and have accrued interest meanwhile.

3. Is it possible to provide the liabilities and equity side of the statements too to ensure the cash and investment isn't significantly tied up in the liabilities?
The Chaldean Diocese has no debt.

Endowment Fund-Bank

1. How is this endowment fund connected with the Chaldean Catholic Church?
See answer to No. 1 in the first section.
2. The entire certificate of deposit is expiring on May 30, 2007, making it available for use without penalty, correct? Yes. That is correct. But it has been set aside for this use.

Sam Kassab Fund Commitment

1. The letter from Mr. Burt Kassab dated May 22nd indicates that \$2.5 million grant recommendation "is to be used to support the acquisition of land for and the building of a monastery by the Diocese". If a monastery is built on the site, will a sizable portion of the Camp Brighton site be used as a camp?
Actually, the camp portion will remain as is; the proposed monastery would be built on the other side of the pond, which I believe has an old home/cabin on it. There is large chunk of open land at that portion of the property.
2. Please briefly describe the purpose of the Community Foundation where the Sam Kassab Fund is located. Sam Kassab died in 2001. Prior to his death, he created a fund known as the Sam Kassab Fund with the Community Foundation for Southeastern Michigan. Mr. Sam Kassab's wish was to build a monastery that the Chaldean Catholic Church would own. In his trust, he named the Sam Kassab Fund with the Community Foundation as the beneficiary. The Sam Kassab Fund has in excess of the funds, i.e. in excess of \$2,500,000, described in the letter. The Community Foundation for Southeastern Michigan is a very large public Foundation with assets that I believe exceed 350 Million Dollars.
3. Has foundation's board of trustees approved the grant recommendation yet? If not, when will such approval take place? Is there any thing in writing, such as a board resolution, that shows the board's favorable support of this grant?
The advisors to the Sam Kassab Fund are Mr. Sam Kassab's brother, Elias Kassab, and his cousin, Burt Kassab. The board of trustees of the Foundation has not voted on Camp Brighton yet because no formal request has been made. The request cannot be made until the Church has the property under contract. The Foundation does not make grants for projects that are speculative. Once the City accepts the offer, Messrs. Burt Kassab and Elias Kassab will be in a position to formally submit the grant request, which are generally processed within thirty days. The letter Burt Kassab provided to the Church confirms the favorable support for this project.

Additional questions with responses underlined:

1. I'm assuming that the \$3.5 million for Camp Brighton would come from the following sources in this order: a) the Sam Kassab Fund, b) the Mother of God fund and c) the second endowment fund with CD. These resources total approximately \$3.4 million. The remaining \$100,000 would come from the first endowment. Is this order correct? NO. THE ENDOWMENT FUND MIGHT BE USED, ALONG WITH OTHER REAL ESTATE ASSETS, TO LEVERAGE A LOAN. SEVERAL BANKS, INCLUDING THE BANK OF MICHIGAN, ARE INTERESTED IN FINANCING A PORTION OF THE DEAL. COMERICA HAS A LONG STANDING RELATIONSHIP WITH THE CHALDEAN DIOCESE AND HAS EXPRESSED INTEREST IN FINANCING A PORTION OF THE DEAL. THE CHURCH IS AN EXTREMELY CREDIT WORTHY AND COMPETITIVE BORROWER WITH STRONG REAL ESTATE AND CASH ASSETS AND STRONG, CONSISTENT CASH FLOW.
2. Are you saying the first endowment contains \$1 million in assets over and above the \$1,066.937 in securities? YES
3. Usually the principal amount of endowments is untouchable for years or into perpetuity. But in this case, that's not the case? SEE NO. 1

Attachment

cc: Council Divisions
Auditor General's Office
Douglass Diggs, Planning and Development Director
Roger Short, Chief Financial Officer
Pamela Scales, Budget Director
Kandia Milton, Mayor's Office

ICJ:\ICORLEY\Chaldean Church Financial Commitments for Camp Brighton.doc



KWAME M. KILPATRICK, MAYOR
CITY OF DETROIT
EXECUTIVE OFFICE

NOTE TO COUNCIL:
THIS MATTER WILL BE
BROUGHT INTO COMMITTEE

ON TUESDAY MAY 29 2007

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
DETROIT, MICHIGAN 48226
PHONE 313-224-3400
FAX 313-224-4128
WWW.CI.DETROIT.MI.US

May 25, 2007

Honorable City Council Members
1340 Coleman A. Young Municipal Center
Detroit, Michigan 48226

RE: Camp Brighton

Dear President Cockrel and Council Members:

Pursuant to Your Honorable Body's request, I am submitting the Chaldean Catholic Church of the United States of America financial commitments for the purchase of Camp Brighton.

The Chaldean Catholic Church of the United States of America financial commitments are as follows:

Endowment Fund-Securities	\$1,066,937.18
Mother of God-Cash	659,112.58
Endowment Fund-Bank	253,146.82
Sam Kassab Fund Commitment	<u>2,500,000.00</u>
	\$4,479,196.58

It is important to note, the Planning & Development Department did receive an offer to purchase from Stanton-Molette Development, however financial commitments have not been submitted as requested.

We respectfully request Your Honorable Body move forward with your consideration of Camp Brighton at the Formal Session of Tuesday, May 29, 2007.

Sincerely,


Kandia N. Milton, City Council Liaison
Mayor's Office

DETROIT
CITY CLERK

2007 MAY 25 1:13

Copy given Council
05-25-07 (RJ)

Steward Capital Management
 PORTFOLIO APPRAISAL
 Chaldean Seminary Endowment Fund
 27-May-07

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
CASH AND MONEY MKT							
	Cash Account	1	73,043.58	\$	73,043.58	8.8	0
		1	73,043.58	\$	73,043.58	6.8	0
EXCHANGE TRADED FUNDS - DOMESTIC							
MID CAP CORE							
250	RUSSELL MIDCAP INDEX FUND	48.75	18,362.50	\$ 110.80	\$ 38,815.00	3.8	0
		1	18,362.50	\$	38,815.00	3.8	0
LARGE CAP CORE							
800	RUSSELL 1000 INDEX	58.84	35,307.88	\$ 83.97	\$ 48,842.00	4.8	1.8
		1	35,307.88	\$	48,842.00	4.8	1.8
EXCHANGE TRADED FUNDS - Total		1	51,870.48	\$	58,887.00	8.3	0.9
EQUITY MUTUAL FUNDS - DOMESTIC							
SMALL CAP CORE							
948.232	DFA U.S. SMALL CAP PORTFOLIO	18.77	15,811.28	\$ 22.01	\$ 21,724.45	2	0.5
		1	15,811.28	\$	21,724.45	2	0.5
SMALL CAP VALUE							
1983.754	DFA U.S. SMALL CAP VALUE FUND	19.31	38,314.01	\$ 32.01	\$ 63,480.00	5.9	0.7
		1	38,314.01	\$	63,480.00	5.9	0.7
LARGE CAP VALUE							
2813.908	DFA U.S. LARGE CAP VALUE FUND	14.12	38,780.78	\$ 27.88	\$ 78,481.78	7.3	0.8
		1	38,780.78	\$	78,481.78	7.3	0.8
MICRO CAP							
2223.442	DFA U.S. MICRO CAP FUND	11.23	24,873.81	\$ 18.57	\$ 38,842.43	3.4	0.4
		1	24,873.81	\$	38,842.43	3.4	0.4
EQUITY MUTUAL FUNDS - Total		1	118,848.08	\$	200,618.80	18.7	0.7
EQUITY MUTUAL FUNDS - FOREIGN							
EMERGING MARKETS							
1281.341	DFA EMERGING MARKETS SMALL CAP	10.23	13,108.77	\$ 21.46	\$ 27,487.57	2.5	1.3
880.354	DFA EMERGING MARKETS VALUE PORTFOLIO	10.18	16,082.00	\$ 38.18	\$ 34,810.28	3.8	1.4
		1	28,140.77	\$	58,307.87	6.2	1.4
INTERNATIONAL							
1850.845	DFA INTERNATIONAL SMALL CAP VALUE PORT	8.51	17,812.31	\$ 23.78	\$ 44,028.84	4.1	1.1
2251.484	DFA INTERNATIONAL VALUE PORTFOLIO	10.18	22,063.57	\$ 26.10	\$ 58,763.73	5.5	2.8
		1	40,388.88	\$	102,790.57	9.6	2
EQUITY MUTUAL FUNDS - Total		1	68,708.88	\$	189,088.15	15.8	1.7
EXCHANGE TRADED FUNDS - REIT							
DIVERSIFIED REIT							
700	CONEN & STEERS REALTY MAJORS INDEX FUND	41.87	28,170.84	\$ 97.73	\$ 68,425.00	8.4	0
		1	28,170.84	\$	68,425.00	8.4	0
EXCHANGE TRADED FUNDS - Total		1	28,170.84	\$	68,425.00	8.4	0

FIXED INCOME - CORPORATE BONDS

25000 DELLUXE CORP 3.5 10/01/07 @5.35%	99.92	1	24,290.00	\$ 98.00	\$ 24,508.00	2.2	9.8
3.500% Due 10-01-07							
50000 ROYAL CARIBBEAN	107.31	1	50,855.00	\$ 100.01	\$ 50,908.05	4.7	6.8
7.000% Due 10-15-07							
30000 UNION OIL CO OF CALIFORNIA 8.70% 10/15/07	104.21	1	31,254.80	\$ 100.98	\$ 30,176.24	2.8	6.8
8.700% Due 10-15-07							
25000 QTE CALIFORNIA 7% 05/01/08	108.8	1	28,880.00	\$ 101.82	\$ 25,408.60	2.3	6.8
7.000% Due 05-01-08							
25000 HSBC FINANCE CORP INTERNOTES 6.00% 8/15/08	102.53	1	25,584.00	\$ 100.31	\$ 25,078.47	2.3	6.8
6.000% Due 08-15-08							
20000 GENERAL MOTORS ACCEPT CORP	104.9	1	20,880.80	\$ 98.38	\$ 19,716.04	1.8	6.8
6.800% Due 10-15-08							
20000 GENERAL MOTORS ACCEPTANCE CORP 8.825% DUE 3/15/08	104.88	1	20,816.75	\$ 98.08	\$ 19,718.83	1.8	5.7
8.825% Due 03-15-08							
20000 COUNTRYWIDE 4.125% 8/15/09	87.01	1	18,422.00	\$ 97.84	\$ 18,488.85	1.8	4.2
4.125% Due 08-15-09							
20000 GENERAL MOTORS CORP 7.20 1/15/11	100.12	1	20,026.00	\$ 96.50	\$ 19,100.00	1.7	7.3
7.200% Due 01-15-11							
30000 SEARS ROEBUCK 7% 2-01-11	100	1	30,000.00	\$ 103.05	\$ 30,918.80	2.8	8.7
7.000% Due 02-01-11							
10000 UNION CAMP CORP 8.25% 02/01/2011	111.7	1	11,178.10	\$ 112.17	\$ 11,217.88	1	8.2
8.250% Due 02-01-11							
40000 GMAC 8% DUE 4/1/11	101.2	1	40,482.00	\$ 97.82	\$ 39,129.91	3.0	8.1
8.000% Due 04-01-11							
25000 COMPUTER SCIENCE 7.375% 8/15/11	107.82	1	26,908.75	\$ 107.11	\$ 28,776.70	2.6	6.8
7.375% Due 08-15-11							
50000 FORD MTR CREDIT CO	100	1	50,000.00	\$ 84.05	\$ 47,278.70	4.4	7.4
7.000% Due 10-01-10							
25000 LEHMAN PROS 4.00% 5/28/2015	98.97	1	24,744.75	\$ 98.11	\$ 24,778.82	2.3	4
4.000% Due 05-28-15							
25000 PRINCIPAL LIFE 8.00% 5/15/2018	100	1	25,000.00	\$ 101.87	\$ 25,468.53	2.3	5.8
8.000% Due 05-15-18							
Accrued Interest					\$ 26,058.49	2.6	
			\$ 450,808.95		\$ 467,108.78	43.7	8.2
FIXED INCOME - CORPORATE Total		1	450,808.95		\$ 467,108.78	43.7	8.2

FIXED INCOME - MUTUAL FUNDS

8.303 DFA TWO YEAR GLOBAL FIXED INCOME PORTFOLIO

0.05	81.80	\$ 10.83	\$ 88.78	0	0.8
	81.80	\$	85.78	0	0.8
	81.80	\$	85.78	0	0.8

FIXED INCOME - MUTUAL Total

TOTAL PORTFOLIO

\$ 783,532.48	\$ 1,086,937.18	100	3.1
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\$ 1,066,937.18

Mother of God Church
STATEMENT OF ASSETS, LIABILITIES AND EQUITY -
CASH BASIS
As of December 31, 2006

ASSETS

CURRENT ASSETS

Cash in Bank - General	\$ 108,670.58
Cash in Bank - Cath. Cr Union	442.00
Certificates of Deposit	550,000.00
Loan Rec. - Chaldean Diocese	233,819.49
Loan Rec. - St Michael Church	100,000.00
Loan Rec. - Chaldean Manor	901,077.92

Total Current Assets 1,894,009.99

PROPERTY AND EQUIPMENT

Land - Youth Center	1,061,000.00
Furniture and Fixtures	22,025.09
Equipment	21,692.00
Improvements	127,314.68
Improvements - Upper Hall	26,161.80
	<u>1,258,193.57</u>
Less: Accumulated Depreciation	<u>(100,275.92)</u>

Net Property and Equipment 1,157,917.65

OTHER ASSETS

Sec Deposit - City of Detroit Property	<u>54,126.50</u>
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Total Other Assets 54,126.50

TOTAL ASSETS \$ 3,106,054.14

659,112.58

See Accountants' Compilation Report

1

Silverlake Browser Interface

110000034
E5 CD 30-89 Day > 100

PREVIOUS < SUBMIT > EXIT X

SPECIAL MESSAGES >

Account Information

Current Balance	253,146.82	Certificate Number	
Current Cash Value	253,146.82	CD term / Code	30 D
Original Balance	258,886.88	Original Term / Code	30 D
Branch Number	881	Interest rate	4.9500%

Officer SKH Sonya Hold Amount .89

Issue Date 1/30/87

Year to Date Interest 3,146.82 Balance at Last Renewal 253,146.82

Maturity Information

Maturity Date	5/30/87	Payment-Maturity Type Override	N
		Payment-Maturity Delayed Days	64

Payment Information

Last Payment Date	4/30/87	Next Payment Date	5/30/87
Last Renewal Date	4/30/87	Next Payment Amount	1,629.92

Renew to Type Override

PREVIOUS < SUBMIT > EXIT X

SEVERLAKE SYSTEM

If you are performing a query for the purpose of making a full or partial redemption of this amount, you may prefer using the "Partial Query" option to determine all factors of the redemption. This option is an alternative to using information on this inquiry screen, and is more comprehensive in determining the information necessary to effect a full or partial redemption.

Next Step >

253,146.82

Endowment Fund

May 22, 2007

The Most Rev. Ibrahim N. Ibrahim D.D.
First Bishop-Eparch
Chaldean Catholic Diocese of the USA
25603 Berg Road
Southfield, MI 48034

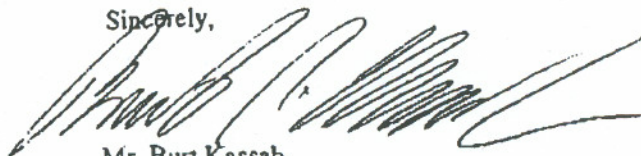
Dear Bishop Ibrahim:

We are writing today to notify you of our intent to recommend a grant to the Chaldean Catholic Diocese of the USA (Diocese) from the Sam Kassab Fund at the Community Foundation for Southeast Michigan. This grant recommendation will be in the amount of \$2,500,000 and is to be used to support the acquisition of land for and the building of a monastery by the Diocese. The land to be acquired may, but is not required to be, the property commonly referred to as "Camp Brighton" in Genoa Township, Michigan.

We will submit this recommendation to the Community Foundation and its Board of Trustees must approve the grant recommendation, including any terms recommended with respect to the grant.

We are truly pleased to be able to make this grant recommendation in memory of Shamaya "Sam" D. Kassab, who established his fund at the Community Foundation. We are sure that he would approve of this project on behalf of the Diocese.

Sincerely,



Mr. Burt Kassab
Co-Advisor, Sam Kassab Fund

Cc: Robin D. Ferriby, Community Foundation

\$ 2,500,000

OFFER TO PURCHASE

(Expires if not executed on or before _____)

Three million five hundred thousand
 (I, We), The Chaldean Catholic Church of the United States of America
 hereby offer to purchase the property
 known as Parcel I and Parcel II ONLY for the price of
~~\$3,000,000.00~~ \$3,500,000.00
 \$_____, subject to the Development Agreement for the aforementioned
 property. (I, We) plan to improve and use the property in the
 following manner:

The Buyer intends on maintaining the property as a camp.

The Buyer's Offer is for Parcel I and Parcel II ONLY, i.e.
160 acres. It excludes the 40 acre vacant land parcel
which is separated from the camp parcel.

Enclosed is a check or money order, payable to "Treasurer, City
 of Detroit", in the amount of \$50,000.00 which represents a "Good
 Faith" Deposit which will be held by the City until the
 development has been satisfactorily completed.

4-21-06
 Date

Signed X Bishop Ibrahim N. Ibrahim
 Bishop Ibrahim N. Ibrahim
 Date _____

Telephone 248-351-0440

 Date

Signed _____

Date _____

Telephone _____

OFFER TO PURCHASE

(I, We), Stanton-Molette Development Group, Subsidiary of
The Molette Group, L.L.C. hereby offer to purchase the property
known as Camp Brighton 199-Acre Site for the price of
4,000,000.00 subject to the
Development Agreement for the aforementioned property. (I, We)
plan to improve and use the property in the following manner:

We will re-open Camp Brighton as a summer camp and
recreational facility for children and adults. It will
be utilized as a year-round recreational venue.

We will upgrade and repair existing structures on the
property. (PLEASE see original proposal attached)

Enclosed is a check or money order, payable to "Treasurer, City of
Detroit", in the amount of \$10,000.00 which represents the "Good
Faith Deposit" which will be credited to the sales price at
closing.

April 23, 2007
Date

Date

Signed

Address

Telephone

Signed

Address

Telephone